FINANCIAL NEWS

Host's 3rd qtr earnings drop 83%

SANTA MONICA, Calif.—Host International posted an 83% profit drop to $783,000 while revenues increased 11% to $106.8 million, for the third quarter ended Sept. 30.

The company attributed the profit fall-off to losses incurred by a subsidiary that operated duty-free in Honolulu. The loss included $2.6 million paid to the state of Hawaii to break a seven and one-half year contract, which still had more than six and one-half years to run.

The company said that any additional write-offs to come from its pulling out of Hawaii could not be estimated yet.

Earnings Drop

Profit for the three-quarter, nine-month period ended Sept. 30 dropped 79% to $2.3 million. Revenues for the period climbed 13% to $301 million.

The company noted that excluding its setback in Honolulu, its major businesses "performed creditably despite a weak economy and declining air traffic."

Sales of food, beverage, merchandise and hotel accommodations from airport operations rose 12% in the third quarter to $74.4 million. For the nine months, airport sales rose 14% to $203.7 million.

Operating income, however, was reportedly down in both periods for the airport segment. The company only breaks out sales, and not always profit, for its divisions.

Third-quarter sales of Host International's 52 specialty restaurants increased 22% to $22.2 million "and operating income increased sharply," the company said. For the nine months, restaurant sales rose also 22% to $63.5 million "and resulted in a significant improvement in operating income."

Holiday Inns' 3rd qtr net rises 50%

MEMPHIS—Holiday Inns Inc. has reported a 50.2% increase in net income to $57.6 million on a revenues rise of 17.5% to $488.2 million in the third quarter ended Oct. 2.

For the first nine months of this year, the diversified hospitality company reported a 28.7% net income increase to $124.3 million on an 18.9% rise in revenues to $1.3 billion compared to results in the same period a year ago.

The company's restaurant subsidiary, Perkins Inc., based in Minneapolis, reported a third-quarter increase in operating income due to continuing improvement in customer counts, according to Michael Rose, Holiday Inns' president and chief executive.

Rose attributed the large profit gains in the third quarter to continued improvement in the gaming group's earnings. Holiday Inns operates hotel-casinos in Las Vegas, Reno and Lake Tahoe, Nev., and in Atlantic City, N.J.

Northern Nevada operations rebounded during the quarter, Rose said, and Harrah's Marina in Atlantic City had "a strong summer season."

Sea Galley posts 35% net increase

MOUNTLAKE TERRACE, Wash.—Sea Galley Stores Inc. reported a 35% net profit increase to $586,000 on a 123% sales rise to $14.8 million for the third quarter ended Sept. 30. For the nine months, net profit rose 80% to $1.7 million on a 125% sales increase to $36.2 million.

Company Operations

The company owns and operates 33 full-service Sea Galley restaurants in seven Western states and Iowa and Virginia and 10 Family Fish House restaurants.

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		For Two Weeks Ended Nov. 6							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin							Last Fiscal Year (Per Share)		
					Change		52-Week						Last Fiscal Year	Amt.	Pct.			Latest P/E Ratio	Indicated Dvd. Rate Amt.	Indicated Dvd. Rate Yield	Last X-Dvd. Date	Last Fiscal Year Revenue	Last Fiscal Year Earnings	Current Ratio	Long Term Debt	Common Stock Equity	Last Balance Sheet Date
Name	Symbol	High	Low	Close	Amt.	Pct.	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days														
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Aca Los A Res	ALAR	7.50	6.88	6.88	.00	.00	10.63	5.38	.50	-2.15	.27	8.70	.34	.02 N	5.8	14.0	5.8	19.1	.00	.0	01-06-81	19.1	1.1	.8	1.1	2	1080
Am Motor Inns	INN	16.00	13.88	15.38	1.50	10.81	21.88	10.00	.73	.39	-2.35	-46.27	1.67	.40 F	31.4	73.0	6.3	9.2	.20	1.3	07-27-81	114.7	6.7	1.4	17.7	,8	0780
ARA Services	ARA	26.75	23.75	26.50	1.75	7.07	37.25	23.75	-.39	.92	-.33	-29.64	5.33	-.36 N	-6.8	7.0	2.3	5.4	2.00	7.5	11-24-81	2806.0	63.2	1.2	21.0	42	0980
Assoc Hosts	AHST	5.25	5.13	5.13	.00	.00	8.63	4.38	-.36	-.20	4.07	60.65	.80	-.37 N	-36.6	-2.0	3.3	8.0	.12	2.3	06-02-81	76.8	2.5	1.3	6.7	6	0980
Beefstk Char	BSCC	4.38	3.13	4.13	.88	26.92	4.88	1.63	.88	4.57	5.54	-18.40	.47	.14 S	31.8	41.0	2.3	7.1	.00	.0	00-00-00	47.7	1.1	.8	1.8	2	1080
Bob Evans Farms	BOBE	20.50	19.75	20.25	.25	1.25	22.69	15.19	-.36	.37	3.20	18.89	1.35	.29 S	26.1	33.0	9.1	14.5	.40	2.0	09-21-81	125.2	11.4	1.7	.0	5	0480
Bonanza Intl Inc	BNZA	2.00	1.88	1.88	-.13	-6.25	6.88	1.88	-.43	-1.59	-5.05	27.50	.24	-.43 S	-286.6	-16.0	4.2	NE	.00	.0	00-00-00	25.9	1.1	1.6	12.9	5	1280
Brock Hotel	BHCO	13.50	11.13	13.50	1.88	16.13	13.50	6.00	.76	2.26	3.49	7.70	.44	.04 N	9.5	27.0	4.2	29.3	.08	.6	08-11-81	104.3	4.4	1.0	8.5	3	1280
Calny Food	CLNY	11.75	11.75	11.75	.00	.00	15.50	8.50	-.24	.23	1.67	50.00	1.35	-.07 S	-4.5	8.0	2.2	8.0	.20	1.7	07-01-81	41.7	.9	.4	14.4	6	0281
Carrols Develop	CRL	6.50	6.00	6.00	.00	.00	12.88	4.38	.42	-1.53	-4.94	-20.93	.95	.49 Q	75.3	34.0	2.4	5.3	.09	1.5	12-24-81	75.6	1.8	.7	11.1	5	0581
Chart House	CHHO	20.88	18.50	20.88	2.38	12.84	22.88	10.06	.29	2.24	-1.79	6.64	1.75	.28 N	16.5	12.0	4.9	10.6	.52	2.5	07-16-81	312.5	15.2	1.1	12.3	9	1280
Chi-Chis	CHIC	20.88	18.38	20.50	2.00	10.81	27.25	11.94	.18	.21	-6.58	-24.18	.46	.34 Q	161.9	35.0	12.9	37.3	.00	.0	06-02-81	7.5	.5	2.1	1.3	1	0480
Ch Full O Nut	CHF	13.75	12.25	12.25	.13	1.03	13.75	6.00	.50	-.67	.95	-26.42	.66	-.03 F	-4.3	8.0	2.7	18.6	.40	3.3	06-24-81	118.8	3.3	2.5	1.1	5	0780
Churchs Fr Ch	CHU	27.88	25.38	26.88	.88	3.37	37.38	23.25	-.57	.38	.69	-50.51	3.01	.55 N	18.7	24.0	9.9	7.7	.84	3.1	10-26-81	386.5	38.1	1.4	1.1	13	1280
Cindys Inc	CNDYC	3.00	2.63	3.00	.38	14.29	4.63	1.50	-.26	4.26	1.36	18.07	-1.43	-1.09 F	NE	NE	-17.3	NE	.00	.0	00-00-00	16.8	-2.9	.0	6.2	0	1280
Collins Foods	CF	13.38	11.75	12.13	.31	2.65	14.91	7.13	.26	-1.75	.74	10.15	1.56	.23 Q	15.0	10.0	2.8	6.9	.24	2.0	10-26-81	265.2	7.5	1.4	10.6	13	0481
Dennys Inc	DEN	30.63	29.13	29.25	-.25	-.85	31.75	17.13	.38	-.47	-.87	3.91	2.96	1.03 F	53.3	6.0	3.2	9.9	.88	3.0	12-08-81	840.7	26.9	1.5	24.0	20	0681
Dunkin Donuts	DUNK	15.25	13.00	14.63	1.63	12.50	18.25	9.34	.45	.51	-1.37	13.70	1.53	.35 N	24.6	21.0	8.2	8.3	.30	2.1	08-17-81	60.0	4.9	1.5	12.4	9	1080
Frischs	FRS	9.00	7.25	8.63	1.38	18.97	9.00	4.75	1.06	1.32	6.13	14.05	1.45	.71 Q	66.9	13.0	3.0	4.9	.38	4.4	11-30-81	97.0	2.9	1.2	7.5	13	0581
Ginos	GNO	18.00	11.25	17.00	4.50	36.00	18.00	6.75	1.11	1.28	1.80	9.00	1.67	.47 N	470.0	-5.0	1.4	29.8	.44	2.6	11-12-81	320.8	4.5	.9	38.2	11	1280
Hambrg Hamlet	HAMB	7.00	6.75	7.00	.25	3.70	9.00	6.25	-.12	1.43	8.90	.00	.27	-.95 F	-77.8	-16.0	.7	25.9	.00	.0	00-00-00	24.0	.9	1.0	18.1	12	0380
Hardwicke	HAWK	3.25	2.63	2.75	.00	.00	11.75	2.63	-.06	-.13	7.50	77.40	.44	-.20 N	-34.4	-10.0	8.6	7.2	.00	.0	00-00-00	22.2	1.9	1.8	13.8	10	0980
Hilton Hotels	HLT	40.50	37.63	40.13	2.00	5.25	52.25	33.25	.37	.93	-1.18	-23.25	4.00	.21 N	5.3	35.0	20.3	9.7	1.60	4.0	08-31-81	523.1	106.1	2.2	4.6	17	1280
Holiday Inns	HIA	29.50	25.63	28.63	2.63	10.10	33.25	21.13	.67	-.04	.12	-1.48	2.92	.52 S	20.1	27.0	7.1	9.2	.74	2.6	09-14-81	1533.8	108.3	1.0	17.6	22	1280
Holiday Inns A	HIA A	43.00	37.50	43.00	6.00	16.22	48.75	32.25	.80	.26	9.91	-25.00	NA	NA	NA	NA	NA	NA	.00	.0	00-00-00	NA	NA	NA	NA	NA	NA
Horn & Hardart	HOR	12.75	9.50	12.25	2.63	27.27	22.38	8.00	.91	2.56	4.66	21.76	.96	.00 S	.0	41.0	3.1	12.4	.00	.0	03-10-80	128.2	4.0	1.8	16.9	7	1280
Host Intl	HII	22.00	14.75	20.25	5.50	37.29	24.25	12.00	1.61	-.25	4.96	-22.86	2.74	-2.02 N	-66.6	3.0	3.9	20.0	.60	3.0	09-09-81	356.7	14.0	1.1	12.6	17	1280
Hungry Tiger	HTIG	7.25	6.75	7.25	.50	7.41	9.38	5.25	-.10	.28	.77	6.74	.92	.13 F	16.4	64.0	3.2	7.9	.00	.0	08-24-81	39.1	1.3	.9	6.0	3	0880
Imperial Grp	IMT	1.25	1.13	1.25	.06	5.26	2.00	1.06	-.07	2.86	-3.27	54.92	.62	-.15 S	-21.1	28.0	2.1	2.2	.16	12.8	09-28-81	8700.9	178.4	.9	.8	3	1080
Intl Dairy Queen	INDQ	12.50	11.75	11.75	-.75	-6.00	13.25	7.63	-.21	-1.02	-2.04	42.06	1.34	.30 N	22.7	51.0	6.1	7.3	.00	.0	00-00-00	77.2	4.7	1.1	12.8	5	1180
Int King Tab	IKNG	2.00	1.88	2.00	.13	6.67	3.38	1.75	-.17	1.56	.10	-50.00	-.65	-.06 F	NE	-35.0	-3.1	NE	.00	.0	10-09-79	32.0	-1.0	.3	5.4	3	0681
JBs Rest	JBBB	3.25	2.88	3.25	.38	13.04	4.50	2.63	-.29	2.25	-2.26	-6.58	.35	.54 N	NC	-2.0	2.0	6.0	.00	.0	00-00-00	29.8	.6	1.1	3.9	5	0930
Jerrico Inc	JERR	22.50	20.00	21.63	1.63	8.13	27.63	13.59	-.14	.08	2.57	-4.48	1.70	.45 Q	32.6	24.0	5.6	11.8	.12	.6	11-06-81	378.2	21.0	1.1	3.7	10	0681
Kapok Tr Inns	KTI	4.25	4.00	4.13	.00	.00	4.38	3.25	-.11	.00	-7.58	35.53	.26	-.43 N	-143.3	-21.0	3.6	NE	.00	.0	00-00-00	16.8	.6	2.1	2.4	6	0980
Kelly Johnston	KEJO	15.25	14.50	14.75	.00	.00	16.25	10.75	1.09	-.60	1.18	1.60	.58	.74 S	NC	148.0	5.9	19.9	.00	.0	00-00-00	11.9	.7	.4	.8	1	0381
Kinnard Cos	KCNI	2.25	2.00	2.25	-.25	-10.00	9.00	1.75	-4.30	.30	-1.36	-13.54	-.60	-.60 Q	NC	-93.0	-66.7	NE	.00	.0	00-00-00	2.1	-1.4	.3	.4	1	1280
Lubys Cafeterias	LUBY	28.25	27.50	27.50	.00	.00	28.25	17.00	.40	-.21	.05	-23.24	1.45	.27 F	22.8	24.0	8.9	19.0	.48	1.7	09-08-81	89.9	8.0	1.6	.9	5	0880
Marcus Corp	MRCS	5.75	5.63	5.75	.13	2.22	7.28	5.00	.35	.24	2.43	-50.38	1.15	.08 Q	7.3	7.0	5.8	4.9	.00	.0	08-24-81	98.2	5.7	.7	3.7	7	0580
Marriott Corp	MHS	36.25	33.50	35.25	1.00	2.92	47.00	27.88	-.03	1.58	.70	-21.32	2.60	.59 N	23.9	28.0	4.2	11.6	.24	.7	09-21-81	1718.7	72.0	.9	22.4	12	1280
McDonalds Cp	MCD	72.88	65.50	67.38	1.50	2.28	72.88	43.38	.25	-1.94	.61	-9.33	5.49	1.03 N	19.4	19.0	10.1	10.7	1.00	1.5	10-27-81	2184.3	220.9	.7	24.2	28	1280
Morrison Inc	MORR	9.38	9.00	9.13	-.25	-2.67	13.88	8.25	.14	.15	-5.27	16.32	.95	-.04 Q	-4.0	6.0	3.9	9.6	.32	3.5	10-09-81	319.8	12.4	1.3	2.7	7	0581
Mr Steak	MSST	2.75	2.63	2.63	-.13	-4.55	4.75	2.25	-.02	-1.14	-5.13	26.52	.19	-.65 S	-91.5	27.0	.5	43.8	.02	.8	05-29-80	56.3	.3	1.6	3.9	5	0980
Nathans Famous	NATH	1.00	1.00	1.00	.00	.00	2.38	.88	.43	.68	.58	50.00	-.87	-.53 Q	NE	NE	-7.9	NE	.00	.0	00-00-00	21.5	-1.7	.4	.2	2	0381
Oakbrook Cons	OKCO	9.00	9.00	9.00	.00	.00	12.25	9.00	-.34	.23	-4.67	.00	1.28	.71 N	63.3	19.0	1.0	4.9	.32	3.6	09-10-81	126.2	1.3	.8	4.9	11	0980
Orange-co	OJ	8.38	8.00	8.13	-.13	-1.52	9.25	5.00	-.08	.25	-4.89	9.86	1.05	.55 F	110.0	23.0	5.2	7.7	.15	1.8	08-20-81	76.4	2.3	2.6	9.8	6	0880
Piccadilly Caf	PICC	14.75	14.25	14.63	-.13	-.85	19.00	11.88	-.14	.19	3.31	86.94	1.30	.25 F	23.8	13.0	6.1	11.3	.48	3.3	09-09-81	127.2	7.8	1.7	.0	6	0681
Pizza Inn	PZA	7.25	6.00	7.13	.13	1.79	11.50	3.88	-.13	3.96	1.94	-21.52	.59	.08 S	15.3	-3.0	1.4	11.9	.00	.0	00-00-00	120.7	1.7	1.1	14.0	6	1280
Ponderosa Sys	PON	16.63	14.00	15.88	1.25	8.55	19.75	9.88	.26	1.37	.82	-13.31	.60	-.25 S	-17.0	1.0	.8	13.0	.40	2.5	09-15-81	329.6	2.6	.8	22.3	15	0281
Ramada Inns	RAM	6.13	5.63	5.88	-.25	-4.08	12.50	5.25	.01	-.11	-1.19	16.71	.53	.70 N	184.2	33.0	4.1	5.4	.12	2.0	10-19-81	366.1	15.1	.8	14.4	6	1280
Restaur Assc	RA	5.13	4.75	5.00	-.13	-2.44	8.25	3.13	-.21	.55	-5.41	13.13	.64	.39 N	60.0	29.0	1.6	4.8	.00	.0	00-00-00	95.8	1.5	1.3	3.9	5	1280
Saga Corp	SGA	21.88	18.38	20.13	1.38	7.33	23.75	7.25	.34	.92	-.04	-15.19	2.36	1.05 Q	68.6	15.0	1.4	7.8	.44	2.2	08-17-81	819.0	11.6	.9	9.3	15	0681
Sambos Rests	SRI	2.88	2.50	2.75	.25	10.00	6.75	2.50	-1.04	.78	-.55	-15.59	-1.05	.63 N	NE	-63.0	-2.4	NE	.00	.0	12-19-78	489.2	-11.6	1.2	23.9	2	1280
SeaGalley	SEAG	9.38	8.50	8.63	.00	.00	17.88	5.16	-.17	-2.10	-2.81	13.18	.55	.69 N	NC	53.0	5.7	12.5	.00	.0	06-02-81	22.9	1.3	1.6	2.3	2	1280
Servico Inc	SRVI	8.50	7.75	8.00	.00	.00	13.00	7.00	.09	.06	1.45	-4.05	1.10	1.32 S	185.9	22.0	2.5	3.9	.00	.0	00-00-00	114.4	2.9	1.0	50.1	4	1280
Shoneys Inc	SHON	13.75	13.25	13.63	.00	.00	14.16	9.75	.13	.10	.32	-21.48	.83	.16 N	19.7	20.0	5.6	14.0	.16	1.2	10-13-81	210.6	11.8	1.0	1.2	4	1080
Sonesta Hotel	SNSTZ	10.25	10.25	10.25	.00	.00	15.00	8.41	-.10	.27	-4.77	-50.00	2.24	1.56 S	127.8	101.0	3.6	3.7	.16	1.6	07-07-81	137.2	5.0	1.0	19.1	9	1280
Steak n Shake	STAK	2.94	2.81	2.81	-.06	-2.17	3.25	1.44	.19	-.60	-4.72	-49.56	-.03	1.10 N	NE	-28.0	-.2	11.7	.00	.0	05-17-79	60.4	-.1	.8	4.7	3	0980
Treadway	TCO	.00	.00	12.25	.00	.00	12.38	6.25	-.19	.25	-19.35	.00	.70	-.30 N	-29.7	8.0	4.4	17.3	.28	2.3	06-29-81	22.7	1.0	.6	5.6	7	0880
Valles Steak	VLE	5.13	4.75	4.75	-.38	-7.32	7.63	4.25	-.55	-.76	-4.28	-12.96	-.22	-.35 Q	-205.8	-26.0	-.9	NE	.00	.0	11-01-78	65.6	-.6	1.3	7.8	10	0381
Victoria Stations	VSTA	9.50	8.38	8.75	.63	7.69	11.25	5.88	1.07	-.91	1.50	-11.94	-1.85	.72 S	NE	-37.0	-4.3	NE	.00	.0	09-19-79	134.5	-5.8	1.0	9.0	10	0381
Volunteer Cap	VLCC	7.88	7.63	7.88	.13	1.61	8.88	4.63	.09	.48	-3.21	20.45	-.05	.43 N	NC	-2.0	-.2	18.3	.00	.0	00-00-00	62.1	-.1	.6	13.7	6	1280
Wendys Intl	WEN	16.88	15.50	16.38	.88	5.65	19.38	8.59	.40	.08	3.49	19.74	1.34	.30 S	26.3	31.0	8.7	11.4	.28	1.7	10-30-81	347.0	30.1	.5	1.9	6	1280
Webb Del E	WBB	7.88	7.13	7.50	.00	.00	13.63	6.50	.05	-.09	-3.47	10.47	-.49	-1.54 S	-111.5	-22.0	-.9	NE	.00	.0	11-07-80	486.0	-4.6	1.6	21.8	13	1280

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year

**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

Wendy's net climbs 29% in third qtr.

DUBLIN, Ohio—Wendy's posted a 29% net profit increase to $10.6 million for the third quarter ended Sept. 30, compared with the same period last year. Revenues rose 46% to $133 million.

For the nine months ended Sept. 30, net profit jumped 24% to $27 million. Revenues for the nine months advanced 39% to $353 million.

Robert Barney, president and chief executive officer, said the "outstanding" performance in part reflected Wendy's acquisition earlier this year of several of its franchisees, among them Interpoint Corporation, operator of 64 restaurants in the Chicago-Milwaukee area.

Barney also cited higher per-unit volume and a lower beef cost as contributing factors to Wendy's third-quarter performance.

Average systemwide sales per restaurant for the third quarter were up by 10.3% to $179,600. Beef prices on average for the quarter were $1.12 a pound, a 10.4% drop from the prior year's third quarter.

Overall, systemwide sales for the nine months advanced 19.7% to $1.05 billion.

At the end of the third quarter, there were 2,158 Wendy's systemwide, of which 716 were company owned. Restaurants under construction at the end of the quarter totaled 91, including 31 by the company.

As of Sept. 30, Sisters International, Wendy's wholly owned subsidiary, had 11 Sisters Chicken and Biscuits restaurants in operation, of which six are company operated. Three Sisters units were under construction.

1st quarter net up 35% at Jerrico

LEXINGTON, Ky.—Jerrico Inc., operator of Long John Silver's Seafood Shoppes and Jerry's coffee shops, reported net profits rose 35% to $6.5 million for the first quarter ended Sept. 30, compared to the same quarter of the prior year.

Sales jumped 21% to $109 million.

Company-operated Long John Silver's units had average sales of $121,300, compared to $112,400 for the first quarter of the prior year. Average pretax earnings for company-operated restaurants were $25,000, up 17% from the prior year's period.

Jerrico said that after allowing for a weighted price increase of 8%, real sales growth for company-operated shoppes was 1% for the first quarter.

During the quarter, 28 Long John Silver's were opened, 16 of which are company-operated and 12 franchised. As of the end of the quarter, there were 1,152 Long John Silver's, of which 676 were company-operated and 476 franchised.

Jerrico said it expects to add a total of 135 Long John Silver's to its system during fiscal 1981. Of these, 85 would be company-operated.

Gino's earnings decrease 29%

KING OF PRUSSIA, Pa.—Gino's Inc., operator of more than 450 restaurants reported net profits of $2.5 million for the third quarter ended Sept. 30, a 27% drop from the comparable period last year.

Sales for the third quarter were $92 million up marginally from 1980 third-quarter sales of $91.7 million.

For the nine months ended Sept. 30, earnings were $0.9 million compared to $3.8 million during the same period last year. Sales for the nine months were $246.9 million compared to $243.3 million, a 1% increase over the same period in 1980.

Louis C. Fischer, chairman and president, blamed results on a decline in customer traffic, high interest rates, and start up costs associated with the recent introduction of the home-style hamburger.

Gino's also operates 113 Rustler Steak Houses and 43 Kentucky Fried Chicken Take Home Stores.

EARNINGS REPORT

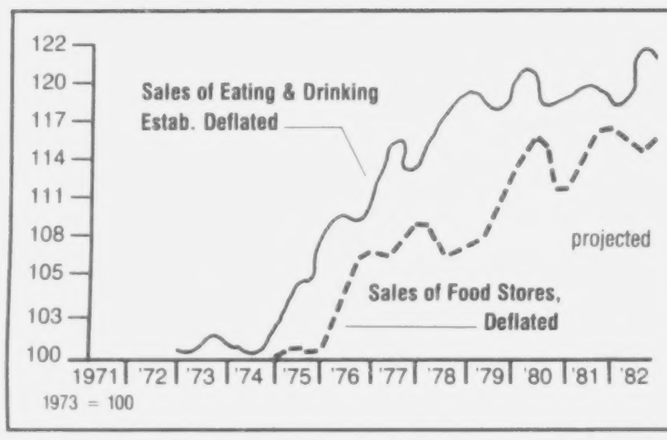
Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
Denny's	13 wks.	9/25			$ 241.251	16	$ 10.704	41
Gino's	9 mos.	9/30	$ 246.893	1			0.866	–77
	3 mos.	9/30	92.043	0			2.493	–27
Holiday Inns	9 mos.	9/30			1,341.301	19	124.350	29
	3 mos.	9/30			488.288	17	57.679	50
Hungry Tiger	1 yr.	8/18	49.858	28			1.615	20
	3 mos.	8/18	12.149	29			0.427	24
Jerrico Inc.	3 mos.	9/30	109.278	20			6.526	35
McDonald's	9 mos.	9/30			1,880.223	14	203.625	21
	3 mos.	9/30			668.060	13	75.821	19
Ogden Corp.	9 mos.	9/30	1,733.362	7			48.164	9
	3 mos.	9/30	588.729	15			15.487	4
Sambo's	9 mos.	10/1			367.793	– 1	(29.825)	—
	3 mos.	10/1			125.354	2	(13.136)	—
Sea Galley Stores	9 mos.	9/30	36.185	124			1.669	80
	3 mos.	9/30	14.787	122			0.586	35
Wendy's Int'l	9 mos.	9/30			352.708	39	27.393	24
	3 mos.	9/30			133.336	46	10.606	29

Source: *Company earnings reports*

—loss in corresponding period
**In millions*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

L/F ECONOCYCLE

After year-end 'dip,' eat-out's set to roll



Eating & Drinking Estab.

Sales Change By Quarter

	'80 1Q %	'80 2Q %	'80 3Q %	'80 4Q %	'81 1Q %	'81 2Q %	'81* 3Q %	'81* 4Q %	12-Month % Change '79 %	'80 %	'81* %
Sales include Inflation	10.2	9.3	8.3	7.2	7.4	11.4	9.0	7.1	13.0	9.0	9.0
Real sales (Deflated)*	0.0	–0.1	–0.9	–1.8	–2.1	2.1	0.7	0.5	2.0	–0.7	0.3

Base = July 1981 Sales
*Projected

Recent braking trends in sales, coupled with major revisions in the latest Government statistics, now point to a slower rate of general sales velocity in 1981 overall than forecast previously.

Total retail sales will probably match or edge slightly above 1979-80 levels, the latest Econocycle computations reveal.

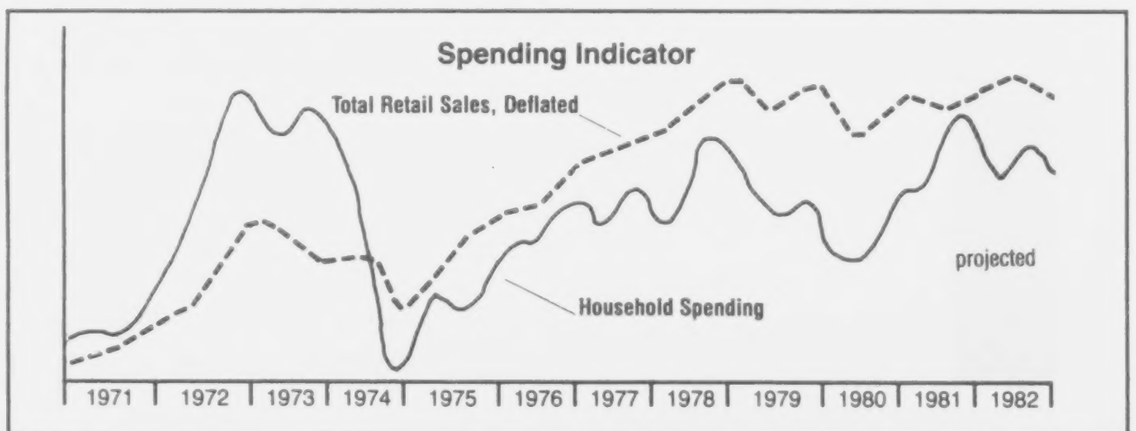
As a result, the L/F spending indicator (below) is also pegged lower than projected earlier in the year. But there still appear to be strong signs that consumer confidence—spiked by just initiated tax rebates—will pick up in 1982, at a steady, but slower rate-of-growth.

Total retail sales gains are expected to edge up about 2% over the next two months. This will depress the final quarter gains of 4% that were originally expected, according to the latest forecast-computations.

The L/F Econocycle projection for food service shows a continuing and gradual dropoff in sales velocity through the early winter months. The newest projections indicate marginal gains or flat sales through December and minor declines during the hard weather January-February period.

After that, food service should pick up speed again and show strong gains through the 2nd quarter and through the balance of 1982. The long-term outlook shows sharp gains well above '81 and year-end '79 peak levels, in fact.

This compares favorably to other retail sectors where the forecast continues "spotty" for the balance of 1981. Department stores will pace all retailing with solid 3% to 4% increases; specialty stores with roughly 2% to 3% hikes. But discount and general merchandisers show a softening trend through year-end that will continue flat into early 1982.


Spending Indicator
Total Retail Sales, Deflated
projected
Household Spending
1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982

Sales/Include Inflation
% Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1980	1Q	9.4	11.0	10.2	7.2	11.9	10.5	3.3	9.1	8.1
	2Q	5.0	10.3	9.3	– 6.4	11.2	2.5	4.6	4.8	4.3
	3Q	5.9	11.2	8.3	– 9.4	10.3	1.0	4.3	4.3	3.5
	4Q	7.3	10.6	7.2	– 1.5	14.1	5.1	6.4	5.8	5.8
1981	1Q	10.2	10.5	7.4	8.4	10.4	8.4	9.8	7.9	8.4
	2Q	12.3	10.7	11.4	15.2	10.3	9.0	8.7	12.5	10.9
	3Q*	9.4	8.7	9.0	7.8	7.9	2.7	7.3	9.4	7.5
	4Q*	7.4	7.6	7.1	0.6	4.5	1.6	5.5	6.1	5.0
% change 12 mos.	1979	11.0	12.0	13.0	12.0	11.0	15.0	6.0	9.0	10.0
	1980	7.0	11.0	9.0	– 3.2	12.0	5.0	5.0	6.0	5.0
	1981*	10.0	9.0	9.0	8.0	8.0	5.0	8.0	9.0	8.0

Real Sales (Deflated)*
% Change By Quarter

1980	1Q	– 1.2	5.8	0.0	– 2.6	3.8	4.9	–1.4	1.9	1.8
	2Q	– 5.0	4.9	– 0.1	–17.6	2.0	– 3.4	0.5	– 2.4	– 2.0
	3Q	– 4.2	2.0	– 0.9	–18.5	0.5	– 5.8	–0.2	– 3.4	– 3.3
	4Q	– 2.9	– 0.6	– 1.8	–10.4	3.9	– 1.1	1.5	– 2.0	– 1.1
1981	1Q	0.7	– 1.4	– 2.1	– 1.2	0.2	2.2	5.9	0.9	2.2
	2Q	3.6	0.3	2.1	6.0	0.3	3.0	4.5	5.8	4.9
	3Q*	1.9	1.6	0.7	0.5	– 1.0	– 3.0	3.5	3.6	2.1
	4Q*	1.8	4.6	0.5	– 6.1	– 2.9	– 4.9	2.8	1.2	0.2
% change 12 mos.	1979	1.0	2.0	2.0	4.0	4.0	9.0	3.0	3.0	4.0
	1980*	– 3.0	3.0	– 0.7	–12.0	2.0	– 1.0	0.1	– 1.0	– 1.0
	1981*	2.0	1.0	0.3	– 0.3	– 0.9	– 0.7	4.0	3.0	2.0

Base = July 1981 Sales
*Projected

About Econocycle

The source for the L/F Econocycle index is the Econostat Applied Economic Research Unit of The Hague, Holland. This unit consults for Government and major corporations on three continents. Its projection techniques are based on the Econocycle System, a computerized system designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to take account of inflation. All statistics are shown in *real* terms. The charts (above, facing) represent the trend cycle. The data has been seasonally adjusted and smoothed—and is updated each month. Source for current sales and the deflator series is the U.S. Dept. of Commerce.

Where an *Index Base* is indicated, all data is converted to index numbers, starting from a common base (=100) in order to establish meaningful performance comparisons.

PROFILE: DENNY'S INC.

The front-running coffee shop chain—Pages 47-8.

C 5150-5

21-4 7224- 1 91U9902
1019 1213
CONGRESSIONAL INFO SVC INC
JOHN KENNEDY/STI ACCQ ED
4550 EAST-WEST HWY/STE#800
WASHINGTON DC 20014

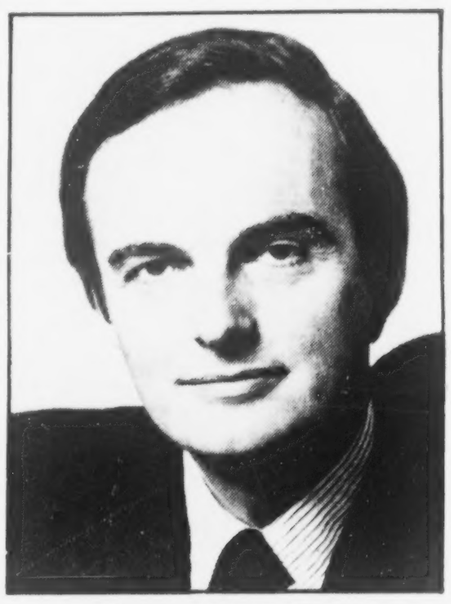
Nation's Restaurant News®

The Newspaper of the Food Service Industry

Vol. 15, No. 25 | Published every other Monday, 25 times a year, by Lebhar-Friedman Inc.; $2 a copy, $15 a year | December 7, 1981

Hostage to guide new era at HoJo

G. Michael Hostage



Howard B. Johnson

Leadership passes outside founding family for 1st time as Howard B. Johnson resigns

By Charles Bernstein

BRAINTREE, Mass.—G. Michael Hostage, 48, will become chairman and president of the Howard Johnson Company Jan. 1. He held these same posts at ITT Continental Baking for the last three years and previously was Marriott restaurant group president and then corporate executive vice president.

This marks the end of an era—the first time since the family company's founding that an outsider will be in charge. The late Howard D. Johnson launched the company in 1925 and his son, Howard B. Johnson, has been chairman and president since 1964.

Johnson, 49, said he was resigning "by mutual agreement" and that it is time for him to look after his family interests and businesses. Other sources asserted that it also was "time for new thinking and different directions" at HoJo.

Imperial Group Ltd., an $8 billion volume British conglomerate which paid $630 million to purchase HoJo 1½ years ago, has been plagued by problems of its own in the unsteady British tobacco market. It also has a frozen foods manufacturing division, a wine and beer division, a leisure division of British hotels, restaurants and pubs, and paper and plastics holdings.

An Imperial spokesman in London insisted there was no

(Continued on page 133)

1982 strategy unveiled

McD emphasizing new product tests

***NRN* Special Report**

OAK BROOK, Ill.—New product testing plays a significant role in McDonald's 1982 marketing strategies designed to fend off increased competition from other fast-food chains and provide a significant boost to average unit sales.

The plans were unveiled to key food-service securities analysts invited to a recent meeting with top company officials at corporate headquarters here.

Testing of the McRib barbecued pork sandwich and Chicken McNuggets, both introduced on a limited basis earlier this year, will be expanded in the next three months.

McDonald's has taken drastic action to save the troubled McChicken sandwich from a fate suffered by the three-year-old chopped beefsteak sandwich that was removed from menus Nov. 1. The chicken sandwich, now available in 4,000 units, has been criticized by customers for a lack of consistency, flavor, quality, and proper seasoning.

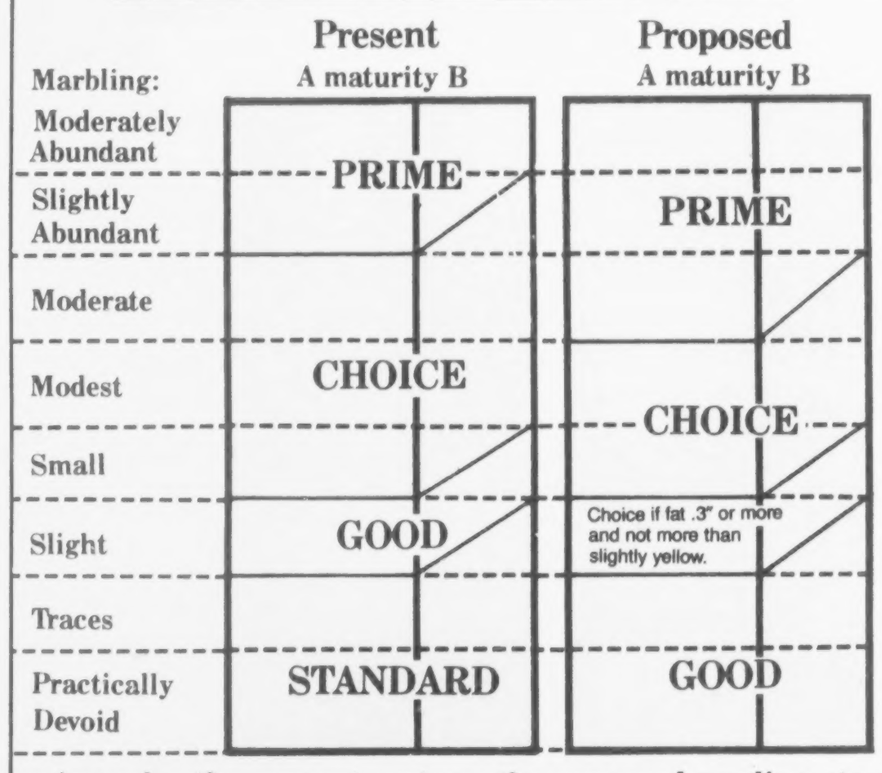
Officials said the company is reformulating the product, which is generating 4% to 5% of total store sales but providing only 1% to 2% of incremental volume.

Chopped beefsteak was introduced in 1978 and was viewed originally as a way to increase dinnertime traffic. Supported by a considerable amount of television advertising, the beefsteak sandwich had only a marginal impact on sales, accounting for between 1% and 2% of total sales in units where it was available.

(Continued on page 134)

Beef proposal may signal price surge

NCA BEEF GRADING PROPOSAL



As under the present system, the proposed grading standards would require that all "B" maturity carcasses have additional marbling to qualify for a given grade.

WASHINGTON—The cattle industry's controversial proposal to water down U.S.D.A.'s beef grading standards will add hundreds of millions of dollars to the United States bill each year, according to an unreleased economic impact study prepared for the National Restaurant Association.

(Robert Bradford, NRA president, and John Rian and other leading NRA members were scheduled to voice their views at presstime at a National Cattlemen's Association meeting in Portland, Ore. The NRA officials were invited by the cattlemen's group.)

Those direct price increases are only part of the inflationary surge likely to stem from pending Agriculture Department beef grade changes, the new analysis contends. In addition restaurants and other meat purchasers will be hit with sharp increases in procurement

(Continued on page 133)

LATE NEWSBREAKS

Sambo's closed some 330 "unprofitable" restaurants in virtually every state during a two-week period before Thanksgiving. The chain retrenched to continue operating some 780 restaurants.

Host International has accepted a $29.25-a-share acquisition bid by DFS Group Ltd., which tops a surprise $29 bid by Marriott and DFS' own earlier $24-a-share offer. Marriott's acquisition talks with Gino's are continuing.

Jack Penrod, president of Wuv's, is slated to be closely involved with the projected deal in which shopping mall developer Taubman Co. would acquire A&W from United Brands. Wuv's and A&W might be merged together, *Nation's Restaurant News* learned. Penrod and others declined comment.

Playboy is selling money-losing resorts in Lake Geneva, Wis., and Great Gorge, N.J., for $42 million to Americana Hotels and Chicago real estate man George Golub.

Industry fears Ohio soda tax

By Ken Rankin

COLUMBUS, Ohio—Restaurant soft drink costs will rise as much as 8¢ per serving throughout Ohio as a result of stiff new excise taxes on pre- and postmix syrups, with threatening national implications, that was signed into law by the Governor late last month.

The legislation, which took effect immediately under emergency provisions in the bill, imposes a statewide tax of 25¢ per gallon on premix soft drink syrup and a whopping $2.75 per gallon tax on postmix syrup.

Although bottlers and wholesalers will be required to pay the excise tax directly, the real impact of the new $69 million a year syrup tax will be felt most heavily by Buckeye food-service operators, officials at the Ohio State Restaurant Association said.

Calling the new soft drink tax "discriminatory," anticompetitive and "a disaster for Ohio restaurants," OSRA executive secretary Robert L. Henry is attempting to rally food-service operators in and out of the state behind a drive to repeal the legislation.

"This new syrup tax isn't just a problem for Ohio operators," Henry told *Nation's Restaurant News*. "Dozens of states are in major financial trouble, and if a $69 million soft drink tax is allowed to stand here, you can be sure that similar legislation will spring up in other parts of the country."

At least one other state—

(Continued on page 133)

The next issue of *Nation's Restaurant News* will be published Jan. 4 and will highlight 1982 forecasts and trends. Only one issue is published in December, and *NRN* is biweekly throughout the rest of the year.

Season's Greetings From the NRN Staff

Published by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022 (ISSN 0028-0518) Second Class Postage Paid at New York, N.Y., & Additional Mailing Offices

Quaker Oats seeks to sell Magic Pan; losses cited

By Susan Spedalle

CHICAGO—Quaker Oats says it is interested in selling all or part of its restaurant division, which includes the 92-unit San Francisco-based Magic Pan.

The restaurant division "has not been a profitable business," said William Smithburg, Quaker Oats president and ceo, at the annual meeting in Chicago last month. Division sales slumped from $88 million in 1980 to $83 million in fiscal year 1981, which ended June 30.

Speculation about a possible buyer centers on the Campbell Soup Co., which says it would be interested in acquiring at least some Magic Pan units to convert to its casual fun-type H. T. McDougal's concept.

Campbell's has already purchased four Engine House Pizza units from Quaker, transforming them into Pietro's Gold Coast Pizza.

While Quaker concentrates on immediate divesture of its Proud Popover and Engine House Pizza chains, it is also taking action apparently aimed at making Magic Pan more salable.

Shifting the emphasis from the crepe to stews and casseroles such as Hungarian goulash and chicken cacciatore, the company recently introduced 12 new items into its 92 units with a special two-for-one offer.

The current menu, which was at peak popularity back in the 60's, attracts a mostly female audience between the ages of 30 and 45.

"Customers' tastes have changed," said Tim Ryan, vp of marketing for the chain, our menu is broader with these additions, but our emphasis will always be on the crepe."

The restaurant division has had a history of small advertising budgets, and fanfare for the new items will be kept to a minimum in print and television mediums.

"Any increase in expenditure will be from a low base," said Smithburg.

One spokesman said that Magic Pan's "possible sale" is nothing more than the selling of a few units, mostly mall-based, which do not have the correct demographic mix or environment for a Magic Pan.

A spokesman from Campbells' said that Magic Pan "has some excellent mall locations," which the company finds appealing. He added that Campbell's would like to expand the H. T. McDougal's concept beyond its three Northeastern units.

The four recently transformed Engine House Pizza's purchased by Campbell's were in the Seattle and Portland area where the entire 30-unit Pietro's chain is based.

Campbell's did not acquire the remaining two Engine House units because they lie outside the north Pacific region.

When asked why Engine House Pizza's were not profitable for Quaker, Mead Montgomery, vp of customer sales, said that the product, which was tailored to the tastes of the Pacific Northwest, was not successful outside that area. Since growth of the chain looked unlikely, the company decided to sell the existing units, he said.

Proud Popovers, Quaker's other concept, is still four units strong. The early American themed full-service dinnerhouse "just didn't seem to strike people's fancy," said Montgomery.

Magic Pan is shifting their menu from crepes, which attract a female clientele, to stews and casseroles.

Breakfast program introduced at Gino's

KING OF PRUSSIA, Pa.—Gino's has introduced a breakfast program into mid-Atlantic coastal region units, which comprise most of the chain.

The new menu includes a sandwich called "the scrambler," scrambled eggs and cheese on a toasted english muffin with a choice of sausage, bacon or ham for $1.20. Hash browns and scrambled egg, as well as pancake platters, include a choice of breakfast meats and are priced at $1.69.

Testing done last May in the Greater Baltimore Area at 50 stores showed that customers preferred a scrambled rather than a fried egg, a choice of meat and a fruit item. Gino's has also added a fruit cup of grapefruit, orange and pineapple chunks, orange, grapefruit or tomato juice, steamed danish pastries, english muffins with jelly and individual servings of hash browns.

School lunch cuts sent for Reagan O.K.

WASHINGTON—A new set of Federal school lunch program cutback proposals stripped of several earlier controversial provisions has been sent to the White House for final clearance.

The original plan proposed by U.S.D.A.'s Food and Nutrition Service earlier this year called for allowing local school districts to sidestep current Federal nutrition standards by reducing meal portion sizes and serving condiments such as ketchup or relish in place of vegetables.

That proposal was promptly withdrawn in response to a nationwide protest, and Agriculture Department officials redrafted the plan.

Although full details of the new school lunch cutback plan were still under wraps pending White House approval at presstime, Food and Nutrition Service administrator William Hoagland told Congress that the more controversial sections had been eliminated.

In addition to dropping the condiment plan, Hoagland indicated that under the new proposal portion size standards will not be reduced. The latest version will, however, allow students to request smaller meal portions at their option.

The aim of the Reagan Administration proposal is to provide local schools with additional meal planning flexibility to offset recent Congressionally approved reductions in Federal funding for the program.

Excessive "plate waste" caused by forcing schools to serve larger meal portions than some students can eat has long been a target of criticism in the program.

According to Hoagland, President Reagan is considering as many as four different options for relaxing Federal school feeding program requirements.

Upgrades breakfast program offerings

Jack-in-the-Box tests croissants

SAN DIEGO—The ubiquitous croissant has finally appeared at a large fast-food chain as part of a limited test of several new breakfast items by Jack-in-the-Box.

The four filled croissant items and a whole wheat muffin have "adult appeal," according to Tim McGrew, director of research and development for the 800-unit chain.

Testing is now in the embryonic stage, with 16 units in Phoenix and Houston participating. The company plans a much larger test next year once operational snarls have been resolved and the items' marketing potential has been identified.

An upgraded breakfast program, McGrew said, is intended to increase customer counts. Observers of the company claim that counts have slackened in recent years as more chains, spurred by McDonald's mounting successes, have started breakfast.

Average checks should be unaffected by the new items, whose prices are consistent with the present average breakfast check of between $1.09 and $1.49, McGrew said.

Various Fillings

The four croissants will come with various fillings: sausage and egg, bacon and egg, ham and egg, and ham, bacon and cheese.

One advantage of the program McGrew said, is that it involves none of the kitchen renovations sometimes required for the rollout of a new product.

To ensure that the new items attract new customers instead of merely encouraging old customers to trade off from old items, the company plans to "vigorously" promote them during the next stage of testing.

This next stage, which comes soon after McGrew issues his initial report at the end of the year, will probably, he said, involve an entire major market. The major market chosen will probably be in the Southwest, the principal target of Jack-in-the-Box's new franchising drive.

Although McGrew expects "a high proportion" of the customers attracted to its new items to use Jack-in-the-Box units' drive-up windows, he added that the company does not plan to streamline window service.

Long menu competition under way

NEW YORK—How long is the longest menu? One hundred items? Two hundred? Three hundred? Four hundred?

There's no telling how large a menu can emerge in this age of proliferating items and broadened market reach.

To determine who indeed can claim the longest menu in existence, *Nation's Restaurant News* is launching a contest. Any restaurant that feels it might qualify for one of the longest menus is urged to send its dinner and/or luncheon and breakfast menus to: Menu Contest Editor, *Nation's Restaurant News*, 425 Park Avenue, New York, N.Y. 10022.

Cash prizes will be awarded for the three longest menus submitted.

HIGHLIGHTS IN THIS ISSUE

Denny's Inc., currently the nation's fastest-growing coffee shop/family-restaurant chain, is the subject of *NRN*'s annual December company profile. *Pages 47-86.*

Coffee shop/family-style restaurants are not meeting growth expectations. In an editorial *NRN* editor Charles Bernstein probes the problems. *Page 6.*

The holiday season is a traditional time for increasing volume and profits. Wine and spirits columnist Mort Hochstein provides some profitable ways to raise spirits. *Page 18.*

When it comes to remodeling, restaurant designers agree interior design is the key. At a recent *NRN*-sponsored seminar, leading designers shared their views on remodeling. *Page 90.*

Improving communications between executive chefs and management can alleviate some food and beverage problems at many hotels, according to panelists who discussed mutual experiences at last month's International Hotel/Motel and Restaurant show. *Full coverage on pages 27-30.*

Maintaining quality at reasonable prices is a tough challenge, independent restaurateurs agreed at the annual Travel/Holiday awards reunion. *Page 42.*

Pioneer Take Out is cutting back on growth plans and considering new financing schemes due to tight money. *Page 38.*

Cindy's is undergoing operational changes to improve its financial status and prospects for a possible sale. *Page 11.*

Eastern-style delicatessens are popping up in West Coast industrial parks to fill a need for convenient lunch spots. *Page 113.*

REGULAR FEATURES

Financial ..... *Pp. 4, 5*
Opinion *P.6*
People ..... *P. 92*
New Products ..... *P. 91*
Promotions ..... *P. 17*
Classifieds ... *Pp. 119-132*

NATION's RESTAURANT NEWS
(ISSN 0028-0518)
Published by Lebhar-Friedman Inc.
425 Park Ave., New York, N.Y. 10022
All Correspondence to:
Editorial Offices:
425 Park Ave., New York, N.Y. 10022
Telephone: 371-9400
Cable: LEBHAFRIED
Published biweekly—every other Monday, monthly in December. Subscription rate $15 a year, $28 for two years. Single copy rate $2. Outside U.S.A.: Canada, $16 a year, $30 for two years; Foreign subscriptions (air mail only) $100 per year. Second class postage paid at New York, N.Y., and additional mailing offices.

Copyright© 1981 by Lebhar-Friedman Inc. All rights reserved. POSTMASTER: Send change of address to Subscription Department, Nation's Restaurant News, 99 Park Ave., New York, N.Y. 10016.

For change of address, six weeks notice to Subscription Dept., 99 Park Ave., New York, N.Y. 10016 is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 15, No. 25 December 7, 1981